Automotive News

March 19, 1990

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35th year—$65.00 per year, $2.00 per copy

Toyota, Honda tops in sales per dealer

Hyundai dethroned after 3 big years

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

After three years as the leader in sales per dealership, Hyundai fell to fourth place in 1989.

Toyota replaced Hyundai as the pacesetter in car/truck sales per outlet, and Honda had the best average in car sales.

The averages show the relationship of the number of new-vehicle sales for a particular make to the number of dealers selling those vehicles. They are a measure of the relative value of a franchise.

Toyota dealers sold 817 new vehicles per store, and Honda dealers moved 677 cars per outlet. Honda was second in the combined car/truck standings even though it does not sell trucks.

Dismal sales and more dealers caused Hyundai to slip to fourth place. Average sales per dealership skidded to 610 in 1989 from 1,053 a year earlier on an overall unit sales decline of 30.65 percent.

In 1986, 1987 and 1988, Hyundai was far ahead of every other make retailed in the United States in average new-vehicle sales per outlet. It led in cars, and it led in cars and trucks — even though it does not sell trucks.

Hyundai is the only make that has exceeded 1,000 sales per franchise in the 35 years *Automotive News* has been compiling such statistics. Hyundai's average of 1,431 units in 1986 was the highest on record.

Sales per dealership are another way of keeping score in the auto industry. Carried to greater lengths at the factory/importer level, the figures can help in formulating sales-planning and distribution programs on a regional basis. And sales-per-dealer figures have been used in dealer-factory litigation.

A gain in sales and a stable dealer total means an increase in sales per outlet. Conversely, a gain in unit sales may not be enough to hold the average steady if the dealer total rises sharply.

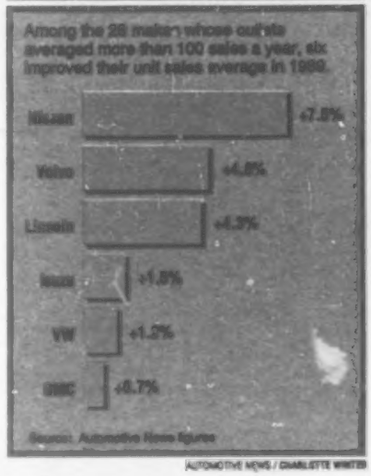
Mitsubishi was an example in 1989. Its car and trucks sales rose nearly 32 percent, but its dealer total grew 66 percent. The result: Sales per outlet dropped to 453 from 571 in 1988.

If unit sales decline and the dealer total rises, the sales-per-outlet plunge can be extensive. Consider Hyundai. Its car sales dropped 30.65 percent last year while its dealer total rose 16 percent. As a result, sales per dealership plunged from 1,053 to 610.

The trend last year was toward lower average vehicle sales for the 42 makes of cars

see SALES, page 46

Happy franchises



BARRY PEPFORD

Chevrolet's 1991 Caprice wagon looks like a big jelly bean to some enthusiasts, a Ford Taurus clone to others.

WAGONS: *New research indicates this '50s staple is poised to make a resurgence in the '90s*

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Futurists predict that the 1990s will be the 1950s revisited, and automakers believe that could mean the resurgence of a 1950s staple: the family station wagon.

Some automakers bet that baby boomers having babies will trade in their coupes and sedans for wagons as well as minivans.

While no one expects wagon sales to reach the million-plus level of 1979, research by a number of car companies and independent firms indicates that wagon sales could rebound in the 1990s from their low-water mark of the previous decade.

J.D. Power and Associates, an Agoura Hills, Calif., market research firm, predicts wagon sales will climb to 770,000 units by 1995, capturing 7 percent of the total car market, compared with 5 percent in 1989. Station wagon sales dropped to less than 500,000 units in 1989, according to R. L. Polk & Co. of Detroit.

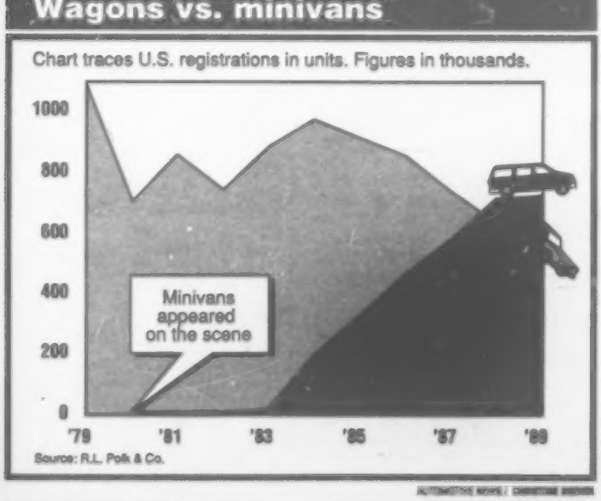
In addition to baby boomers settling into family life, a host of new products in the 1990s will spur the rebound, automakers say. In the next two years alone, more new station wagons will debut than were introduced during all of the 1980s. Virtually all will be from General Motors, Ford Motor Co. and the Japanese automakers along with a couple European models.

In the 1980s, automakers predicted wagons would die with the advent of the minivan. They turned their attention to vans and ignored wagons. Chrysler Corp., which invented the minivan, dropped out of the station wagon market almost entirely.

The only new wagon of any volume to be introduced during the 1980s was the highly successful Ford Taurus/Mercury Sable wagon. About 20 to 25 percent of the Taurus and Sable models sold were wagons, an unusually high

see WAGONS, page 46

Wagons vs. minivans



Beaman, major Saturn dealer, gives up Nashville franchise

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NASHVILLE, Tenn. — Nashville auto dealer Lee A. Beaman, a prominent player in the formative days of the Saturn project, has given up his middle Tennessee Saturn franchise.

The deal comes just months before GM's long-awaited import fighter goes into commercial production. Beaman, 38, said he intends to spend more time on his six other franchises and on a family owned Pepsi and 7-Up bottling business.

Chattanooga Saturn franchisee Nelson Bowers II acquired the contiguous Nashville territory. The move gives him a full third of Tennessee for Saturn sales — including the area where many of the anticipated 3,000 Saturn employees will live and work.

Beaman has been highly visible in Saturn's early marketing and dealer recruitment efforts and was even expected to appear in some Saturn ad campaigns. As recently as last year, he was projecting an early completion of his first Saturn store. And he had plans to use the property in Saturn's marketing spots.

In the early days of Saturn planning, Beaman successfully urged the General Motors subsidiary to

see BEAMAN, page 44

REBATE BACK

In the end, Olds dealers asked for one

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Still not satisfied with the sales of its restyled Toronado, Oldsmobile is giving it customer rather than dealer incentives, which cuts the car's price to pre-1989 levels.

Incentive programs revised, Page 49

Oldsmobile officials said they continually evaluate dealer and customer incentives. The customer rebates, they said, were placed on the cars at the request of dealers.

That's a further departure from the course Oldsmobile set late last year. At the time, Oldsmobile said it would offer incentives only to dealers, not directly to customers.

A Toronado or Trofeo buyer has the choice of a $1,500 cash rebate or 6.9 percent financing on a 48-month loan.

The offer runs for an unusually long period, from March 13 through Sept. 26.

Many dealers, not only Oldsmobile dealers, have pushed for

see OLDS, page 44

Sales of 1990 Toronados are up a third over the 1989 model.

Battle lines drawn in debate over alternative fuels

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — A fight over alternative fuels is expected in Congress this week as the House and Senate plunge into debate over the last major automotive clean-air issue.

A preview of the battle was provided in Washington last week, as the Motor Vehicle Manufacturers Association, Automobile Importers of America and National Automobile Dealers Association staged a press conference to outline their positions.

Their claims were countered by environmentalists, who said the industry is once again crying wolf when it says it can't meet demands for cleaner air. And the powerful natural gas lobby offered a plug for fuels other than gasoline — including natural gas.

The auto industry is pushing for reformulated gasoline.

While it would cost 2 cents to 5 cents more per gallon than premium gas, it would require no engine modifications, and it would immediately reduce pollution from cars using it, said Sam Leonard, director of automotive emissions control at General Motors.

The next best alternative would be so-called flexible-fuel vehicles, such as those that run on a mixture of gasoline and methanol.

In the meantime, the industry interests spoke out against some of the most stringent alternative-fuel proposals. It was argued that they leave no room for reformulated gas and flexible fuels, and instead could be met only by vehicles running on natural gas, electricity or 100 percent methanol.

The industry sees its biggest threat in an amendment to the recent Senate-White House clean-air compromise.

The measure, sponsored by Sens. Timothy Wirth, D-Colo., and Pete Wilson, R-Calif., includes demands for an alternative-fuels program that is significantly tougher than the one originally proposed by the Bush administration. The amendment would require the production of alternative-fueled cars beginning in 1994 and "ultra-clean" cars in 2003.

Such vehicles would have dramatically reduced tailpipe emissions as well as hydrocarbon emissions that enter the atmosphere during refueling and while cars are running.

The Senate resumes a floor debate Tuesday on clean air. In the House, the full Energy and Commerce Committee will begin debate on a draft bill supported by the

see CLEAN AIR, page 49

Ford tests methanol in Michigan

By Jack Koebler
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — This week, John Krisko's Sunoco Ultra Service Center here will begin pumping M85 — a mixture of 85 percent methanol and 15 percent gasoline — into a Ford Motor Co. test fleet consisting of Taurus and Crown Victoria autos and Econoline vans.

This is only the second such pump at a commercial gasoline station. The other pump is at a station in California.

The station and the vehicles are part of a joint research agreement between Ford and Sun Refining and Marketing Co. to investigate the use of M85 in vehicles used regularly in cooler climates.

"Ford's entry into a joint research program with Sun underscores our determination to meet the clean-air expectations of the American people and the clean-air requirements of Congress," said Donald R. Buist, Ford's director of automotive emissions and fuel economy.

"Although Ford has been engaged in methanol-vehicle research for more than a decade, all our previous retail station experience has been in the mild climate of California."

The company will also take the opportunity to evaluate motor oils specifically formulated for use in methanol-fueled vehicles, fuel-system materials, station tank and pump materials, fuel sensors and customer refueling impressions.

Access to the pump will be provided by a magnetic card issued exclusively to Ford employees. The card-reading machine will register the name of the user and the amount and cost of the fuel purchased.

1991 Escort GT has 16-valve Mazda-built engine and 12 percent price hike

Ford ups '91 Escort prices; options rise on cars, trucks

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Prices of the 1991 Ford Escorts, which Ford Motor Co. announced last week, are up an average of 6.88 percent over 1990 models.

The increases range from $163 to $1,219, and the average hike is $577.

The dollar and percentage boosts are figured on a model-to-model basis, without sales-weighting or adjustment for equipment changes. Ford said the increase is 2.5 percent on average-equipped models, including transportation charges.

The company also announced that it has raised the prices of popular options an average of $29 a car for all Ford and Lincoln-Mercury cars except Escort and Festiva, effective March 12. Option prices on all Ford trucks, except Bronco II and Ranger, have also been increased.

Destination charges were hiked $20 on Ford F-series and Ranger pickup trucks and $15 on all Ford and L-M cars and other Ford light trucks on Jan. 15. Those charges went up $5 at the beginning of the 1990 model year.

Ford officials had said the 1991 Escorts — which go on sale April 26 — would be priced at or near the 1990 models. Ford wants the Escort to be a high-volume line to boost the company's corporate average fuel economy rating.

The 1991 Pony 2-door hatchback, the Escort price leader, will carry a base manufacturer's suggested retail price of $7,565, or 2.20 percent more than the 1990 Escort Pony. The 1991 Escort LX 2-door hatchback will be $8,247, 5.65 percent above the 1990 model.

The Escort GT, which has a high-output Mazda engine, will be $11,063 — 12.38 percent above the 1990 model. The Escort LX 4-door hatchback will be $8,674, up 6.61 percent, and the station wagon will be $9,259, up 5.97 percent.

Ford Division General Manager Thomas Wagner said several popular options have been made standard on the 1991 Escort. They include AM/FM stereo radio, electronic digital clock, split folding rear seat and full wheel covers.

The following options were among those increased on other Ford Motor Co. cars: power seats, up $10; power door locks, $9; speed control, $9; power windows, $9; power moonroof, $34; and JBL stereo sound system, $51.

On the Ford Taurus, power seats rose from $280 to $290; power windows, from $306 to $315; and power moonroof, from $741 to $775. The Town Car's JBL sound system rose from $525 to $576.

The following options were among those increased on Ford trucks: knitted vinyl bench seats, $10; captain's chairs, $7; AM/FM stereo, $10; and sliding rear window, $10.

3rd blast hits air-bag supply plant

Production halted; Canada facility is source for 2 Lincolns

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

The third industrial mishap in six months hit a Canadian air-bag supply plant last week, leaving one worker critically injured and forcing a halt in production.

The March 14 explosion seriously injured two other workers at the McMasterville, Quebec, factory, owned by CIL Corp. of Toronto.

The accident forced the third production shutdown in six months at the industrial compound.

A company spokesman said the accident was caused when one of the workers attempted to clear a blocked production line. CIL believes the accident may have been caused when a spark from a worker's hammer ignited the gas and caused a flash fire.

The propellant company is a 50-50 joint venture between CIL and TRW Inc., called Sabag Inc. It makes the propellant for passenger-side air bags in the Lincoln Town Car and Continental.

According to Ford Motor Co. production figures, approximately 4,000 cars a week are now being fitted with passenger-side bags that require the Sabag propellant.

A Ford spokesman said the company believes its supply of the passenger bags is adequate "for the foreseeable future," but said that a prolonged work stoppage at Sabag could temporarily interrupt deliveries of Continentals and Town Cars.

Last week's accident did not affect production at CIL's sodium azide plant in the same factory compound, the largest source of the chemical in the world.

CIL resumed production there earlier this month after two separate fires last fall forced it to suspend production for four months.

TRADE: *Mosbacher pushes U.S. automakers' agenda during Japan visit, encouraged by response*

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — U.S. Commerce Secretary Robert Mosbacher argued the case for U.S. automakers and suppliers in trade talks last week, and the response was the most encouraging to date.

He asked about dual dealerships, an issue proposed by Chrysler Motors, Ford Motor Co. and General Motors to promote import sales in Japan. The Japanese appeared receptive, according to Michael Skarzynski, the Commerce Department's assistant secretary for trade development. But Skarzynski said the Japanese companies wanted to see a product that would sell in Japan.

The U.S. trade delegation was also told that talks are progressing between Honda Motor Co. and Chrysler Motors over the proposed sale of Chrysler vehicles, including Jeeps, through Japanese Honda dealers.

Mosbacher

Furthermore, the Americans said they were told that the proposal was not a gratuitous gesture in response to trade friction, but that Honda wants to fill a niche in the Japanese market.

According to Skarzynski, Mosbacher also approached Mitsubishi Motors Corp. with a special request from Chrysler Corp. Chairman Lee Iacocca. Chrysler wants the next model developed for production at Diamond-Star Motors Corp. to be a Chrysler-engineered product, Skarzynski said. Mitsubishi, however, said the issue never came up.

Diamond-Star, a 50-50 joint venture between Mitsubishi and Chrysler in Illinois, currently builds Mitsubishi-developed vehicles sold by both companies.

Mosbacher also got promises of more effort to buy U.S. parts. Under the tutelage of the Ministry of International Trade and Industry, all Japanese automakers have been announcing import plans in the last six months. MITI has also been encouraging the companies to increase U.S. content of vehicles they build in the United States and to import more into Japan.

Most of the plans are broad enough to cover everything from wine to helicopters, but vague on parts.

The U.S. trade group said it expects some progress in that direction when a series of talks with Japan resumes this week.

Perhaps the most specific response from the automakers came during a meeting Mosbacher called to encourage Japanese firms to buy more U.S. semiconductors.

Toyota and Honda gave specific and positive responses, Skarzynski said. Toyota said it will switch 25 percent of its current purchases of multipurpose chips to U.S. makers. Honda said it now buys 1 percent of its semiconductors from U.S. makers but will increase to 4 percent in 1990 and 10 percent in 1991.

Corrections

- A story in the March 5 issue should have noted that Honda of America Manufacturing Inc.'s engine plant in Anna, Ohio, will not supply engines for North American-built Hondas that are exported overseas. The story also should have said that production at Honda's East Liberty, Ohio, assembly plant began in December.
- In the March 12 issue, the U.S. car sales by marketing units table included incorrect figures for 1990. The correct total is 1,478,757. A table with the correct figures is on Page 6.
- In another table in the March 12 issue, the domestic days' supply for the Ford Thunderbird as of March 1, 1990, should have been 78 days.

AUTOMOTIVE NEWS/JOE WILKINSON

Roy Roberts has been named general manufacturing manager for Cadillac.

COMING HOME

Roberts rejoins GM; Cadillac job to grow

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Navistar executive Roy S. Roberts is rejoining General Motors in a lesser post than the one he left two years ago, but in a role that will grow increasingly important in the 1990s.

Last week, Roberts, 50, was named general manufacturing manager for Cadillac, effective April 1, after a 2-year stint as vice president and general manager of truck operations at Navistar International Corp. Roberts left GM as vice president of personnel and administration in August 1988 to take the Navistar post. He is one of only two blacks to be elected a GM vice president. The other was Otis Smith, who retired in 1984 as general counsel.

Roberts takes the Cadillac job at a time when the division is moving toward becoming a self-contained car company.

Cadillac is likely to gain even more control of its engineering and manufacturing operations in the 1990s, when it introduces a host of new products. The division has proposed that in 1992 it will move its high-volume DeVille and Fleetwood models from GM's Orion Township, Mich., plant to the Detroit-Hamtramck Assembly Center in Detroit, for which Cadillac now has responsibility. The Oldsmobile Toronado and Buick Riviera, now made at the Detroit-Hamtramck plant, will be moved to another plant.

The move toward autonomy, if approved by top GM management, would result in Cadillac having responsibility for engineering and manufacturing of all but one of its models. The Cadillac Brougham, with about 40,000 sales annually, would continue to be built at GM's Arlington, Texas, plant, and to be the responsibility of the Chevrolet-Pontiac-Canada Group.

In 1987, Cadillac regained control of engineering and manufacturing of most of its models in an effort to restore its image. Like other GM divisions, it lost engineering and manufacturing control under GM's 1984 corporate reorganization.

Cadillac officials — and independent analysts — credit much of the division's recent turnaround and market share gain to regaining control of its operations.

The addition of Cadillac models to the Detroit-Hamtramck plant will double output and require callback of the second shift.

As a result of the restructuring, pressure on the Detroit-Hamtramck plant to become more productive will increase. The plant initially was plagued with quality and production problems but has improved, according to J.D. Power & Associates surveys.

But the plant continues to trail nearly all other North American assembly plants in production efficiency, based on GM and independent consultant assessments.

Cadillac hopes in the next few years to gain market share and boost annual sales to 300,000-plus from the 267,000 expected this year in a market with even more competitors, including Lexus and Infiniti.

In his new job, Roberts will be responsible for all Cadillac manufacturing operations, including component operations in Detroit, a stamping plant in Grand Blanc, Mich., and assembly operations at the Detroit-Hamtramck plant and the Reatta Craft Centre in Lansing, Mich.

The return of Roberts to GM signals that one can go home again to GM. In the past, GM had refused to rehire employees who had left. That has changed in recent years.

J.C. "Jim" Perkins returned to GM, where he had spent 24 years, in January 1989. He was named to the newly created post of Chevrolet's assistant general manager. Last May, he succeed Robert Burger, who retired, as general manager.

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65th year—No. 5331

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AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in May at 1400 Woodbridge, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.

Ford quick service outlets tested in U.S. and Canada

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. is experimenting with satellite dealership service centers designed to make Ford and Lincoln-Mercury dealers more competitive with neighborhood "quick service" outlets by allowing them to own and operate their own service centers.

Ford Parts and Service insiders say different variations of the satellite service concept are being tested in markets in both the United States and Canada, and the move could change the way consumers service their cars and trucks in certain markets in both countries.

Ford's U.S. operations won't publicly comment on the satellite service experiments. Even members of L-M's U.S. dealer council are not aware of the pilot programs. Members of the Ford Division U.S. dealer council will meet at the end of March to talk about the satellite service center concept.

But some dealers are nervous about such an approach, believing that a crosstown competitor could steal service business with a satellite operation near another dealer's store.

"(Ford) is in unchartered waters; I don't think it will be successful unless the dealers themselves are involved in it," said Ed Mullane, president of the Ford Dealer Alliance, a forum of Ford dealers. Mullane said the satellite service concept may work if dealers cooperatively owned service locations in one market.

Ford has been considering a wide range of possibilities to increase both its Consumer Satisfaction Index ratings and service capacity in its dealerships. Ford officials have said that service CSI scores — especially for Ford Division — have not been as high as the company would like. A big factor in the low scores has been that the number of service bays in dealerships have not increased as fast as Ford's market share in recent years, according to Ford officials.

At the same time, the number of quick service outlets such as Jiffy Lube, Precision Tune and Sparks Tune-Up have increased. Several Ford stores have built quick oil change facilities in their service departments. But more complex maintenance items often require leaving the car for long periods of time because of the limited number of service bays and technicians.

"In some cities, people have to wait three weeks for a front-end alignment (at a Ford dealership)," said one Ford Parts and Service executive.

This is the second time Ford has ventured into satellite service facil-

see SERVICE, page 45

Makers rush to East Germany

GM, Mercedes, VW sign deals

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

LEIPZIG, East Germany — The entire East German car and truck industries were transformed last week as General Motors, Volkswagen AG and Mercedes-Benz AG reached agreements to virtually annex local manufacturers.

GM's Adam Opel AG said it expects to take majority control of Automobile Works Eisenach, maker of the Wartburg; VW announced a joint production agreement with VEB IFA Kombinat Personenkraftwagen, manufacturer of the Trabant in Zwickau; and Mercedes-Benz signed a memorandum of understanding for development, production and sales links with the East German truck monopoly, VEB IFA Kombinat Nutzkraftwagen.

The East German moves are figured to have a major impact on the Western European car and truck industries. For instance, new low-cost production sources could curb the rush to Europe's "sun belt" — Spain and Portugal — and provide much-needed capacity for Western Europe.

But many Western auto executives think the East will demand more capacity than will be installed.

Indeed, all three Western companies say the main reason to set up in East Germany — where 70 percent of the flow of trade is eastward — is to establish a sales base there and markets further east, including the Soviet Union. East German manufacturers — particularly the IFA truck monopoly — also have strong markets in several developing countries.

Competition for East German ties has been intense. IFA Kombinat Nutzkraftwagen General Director Lothar Heinzmann said talks were also held with Fiat's IVECO commercial vehicles unit and West Germany's MAN AG. VW and Japan's Mitsubishi Motors Corp. were the closest competitors for Opel at Wartburg.

Financial details for all three joint ventures await further negotiations and East German commercial law reforms expected to follow yesterday's elections.

Adam Opel, GM's West German subsidiary, signed an agreement here with Automobile Works Eisenach, establishing a joint venture company, Opel-AWE GmbH, in Eisenach. Opel said it will take a majority holding in the firm, which will now plan assembly of up to 150,000 passenger cars annually from the Opel range as well as component production.

see EAST, page 45

East Europe, Soviet Union in Chrysler planning book

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

GRAZ, Austria — Chrysler Corp. officials confirmed that the company is discussing Jeep and van production ventures with manufacturers in the Soviet Union, and is particularly enthusiastic about gaining a foothold in Eastern Europe with Jeep.

"We've had a couple of teams in Moscow for over a year now," said Chrysler Chairman Lee Iacocca. "But it's going to take a while."

Chrysler signs pact on vans Page 45

Iacocca said that new low-cost, modular production methods that Chrysler says it will employ to build the forthcoming JJ sport-utility would be well-suited to Eastern countries.

"We're keeping the costs down," said Iacocca, who was in Austria to sign an agreement to build minivans. Jeeps are "rugged vehicles, so they might be the right kind of entry vehicles in Eastern Europe."

Chrysler is also understood to have talked with the Soviets about licensing a long-wheelbase version of the Chrysler Voyager minivan.

Michael Hammes, vice president for international operations, said Chrysler has looked at Jeep and van projects in Moscow. "But we have not finalized anything at all, and I don't think anything is close to being finalized," Hammes said. "Those have really been exploratory discussions."

Hammes confirmed talks with the Soviets' RAF plant in Latvia and with the Ulianovsk Automobile Factory in the Russian Soviet Socialist Republic, but said no agreements are imminent.

"We've looked at both factories, and we've had good discussions," Hammes said. "But they've been just that, discussions."

Soviet auto industry officials told *Automotive News* in December that Chrysler may offer a Jeep design as a replacement for an aging 4-wheel-drive, canvas-topped off-road vehicle known as the UAZ-469B. The 159-inch long 469B, which rides on a 94-inch wheelbase, has been in production since 1972.

The Ulianovsk Automobile Factory, which is used by the Soviet military, has been exported to several markets, including Italy, where it receives Western powerplants.

Chrysler and RAF have discussed replacement of the Latvian plant's 11-passenger van with a lengthened version of the Chrysler minivan, RAF officials have said. But Valentin P. Morozov, the Soviet first deputy minister of automobile and agricultural machine building, has said he was "quite pessimistic" about the RAF talks.

Meanwhile, Peugeot officials last week confirmed preliminary contacts with the Soviets about possible assembly of its new 605 luxury car under license in the Soviet Union. The deal is believed to involve the Gorkovsk Automobile Factory in Gorki, where Ford Motor Co. had negotiated unsuccessfully to put its European Scorpio into production.

AUTOMOTIVE NEWS-JOE WILSEMS

Hans-Jorg Hungerland has made dramatic changes at Volkswagen and Audi since becoming head of the German car importers' American operations last year.

HUNGERLAND

Dealers applaud new VWoA boss, but sales revival is slow

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — It has been little more than a year since Hans-Jorg Hungerland took the helm of Volkswagen of America Inc., and in that time things have changed dramatically for the German car importer.

Volkswagen and Audi dealers should have known something was afoot last winter.

With little fanfare, Hungerland and William J. Young ventured across the country from dealership to dealership. In 19 days, they visited 18 cities and talked with 170 dealers, big and small.

Hungerland and Young were missionaries, laying out VW's and Audi's new ideology and building a foundation for a company they hoped to revitalize.

An odd thing, perhaps, for two businessmen not officially on the VW payroll.

But it was not altruism that fueled them — it was, as Hungerland calls it, "an excellent and natural exercise." Armed with first-hand dealer knowledge, Hungerland took over as VW's chief executive officer and president in charge of VW and Audi, and Young as vice president of Volkswagen United States Inc. shortly after that trip.

The words they passed on to the dealers were communication and cooperation.

A little more than a year after Hungerland took over, VW and Audi have rejuvenated and enthusiastic dealer bodies, a brace of new product and revolutionary marketing plans.

That may just be what they need to get sales moving. Still, if VW and Audi undergo a sales about-face in the U.S. market, much of the credit will go to Hungerland's communication and cooperation credo.

But the personable, energetic and self-effacing 48-year-old German native would likely shun that accolade. Instead, he'd point to the dealer networks, to those who work for the company, to Young and to Richard Mugg, vice president of Audi.

And the pointing would come back to Hungerland.

Hungerland has a ways to go before he must worry about how

see VW, page 48

Owners' council tells Audi to leave 'Alternate Route'

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — The Audi Owners Advisory Council says Audi should aggressively promote its cars' engineering, high technology and safety attributes and abandon its ambiguous "Alternate Route" advertising theme.

Also, the council — believed to be the only auto owner focus group to meet regularly — cares little for Audi's Coupe Quattro; it feels Audi dealers should organize social get-togethers and test drives for new owners; and it approves of Audi's promotion of safety.

Audi officials are listening. At a meeting of the company's top marketing managers this week, Richard Mugg, vice president of Audi of America, will ask for an assessment of the "Alternate Route" theme to see if it is telling Audi's story effectively.

"I think we would be stupid not to think about what they were telling us," Mugg said. "In discussing (Audi's) promotion, they loved the 'Art of Engineering' theme and didn't understand 'The Alternate Route.' We have the

see OWNERS, page 48

Big 3 sales sputter; transplants up sharply

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

Early March was a downer for the Big 3 as their sales of U.S.-built cars and light trucks fell 6.56 percent from the year-earlier total.

But the Japanese transplants chalked up an increase of 45.18 percent for the period.

Combined sales of cars and light trucks for March 1-10 were 268,871, down 3.54 percent from 1989.

Sales rose in January but dropped in February. The decline continued in early March, with sales of U.S-built cars falling 2.91 percent and sales of U.S.-built trucks off 4.53 percent from 1989. Both periods had nine selling days.

Each of the Big 3 lost ground in both cars and trucks. All the Japanese transplants posted gains.

Domestic car sales fell 7.15 percent at General Motors, 6.91 percent at Ford Motor Co. and 9.12 percent at Chrysler Corp. Domestic light-truck sales declined 3.12 percent at GM, 3.07 percent at Ford and 13.39 percent at Chrysler.

Car sales climbed 1.76 percent at Honda, 53.52 percent at Mazda, 157.34 percent at Mitsubishi, 17.39 percent at Nissan and 267.41 percent at Toyota. Nissan's truck sales were up 25.07 percent.

The car and light-truck daily selling rate was 29,875 units, compared to 30,970 in 1989.

10-DAY SALES

DOMESTIC BUILT	Mar. 1-10, 1990	Mar. 1-10, 1989
CARS		
Eagle	817	1,705
Chrysler	3,873	4,277
Dodge	9,139	10,201
Plymouth	6,379	6,053
CHRYSLER MTRS.	**20,208**	**22,236**
Ford	33,209	36,532
Lincoln	6,458	4,729
Mercury	9,668	11,766
FORD MOTOR	**49,363**	**53,027**
Buick	11,718	11,691
Cadillac	6,143	7,152
Chevrolet	33,815	35,263
Oldsmobile	12,765	12,283
Pontiac	12,234	16,186
GENERAL MTRS.	**76,675**	**82,575**
HONDA	**8,919**	**8,765**
MAZDA	**1,331**	**867**
MITSUBISHI	**1,122**	**436**
NISSAN	**1,964**	**1,573**
SUBARU	**54**	**—**
TOYOTA	**6,797**	**1,866**
U.S. CAR TOTAL	**168,433**	**171,429**
TRUCKS		
Chrysler	69	—
Dodge	11,753	13,127
Jeep	4,914	5,577
Plymouth	3,297	4,426
CHRYSLER MTRS.	**20,033**	**23,130**
FORD MOTOR	**36,462**	**36,566**
Chevrolet	34,217	35,862
GMC	8,257	9,025
Oldsmobile	410	—
Pontiac	601	—
GENERAL MTRS.	**43,486**	**44,887**
ISUZU	**86**	**—**
NISSAN	**3,372**	**2,696**
U.S. TRK. TOTAL	**102,438**	**107,299**
U.S. CAR-TRUCK TOTAL	**268,871**	**278,728**

There were 9 selling days in the period this year and last.

U.S. CAR SALES BY MARKETING UNITS

	2 Mos. 1990	Percent Share
Alfa Romeo	311	0.02
Aston Martin*	10	0.00
American Honda	119,249	8.06
BMW	9,032	0.61
Buick	85,236	5.76
Cadillac	41,731	2.82
Chevrolet	220,143	14.89
Chrysler	27,383	1.85
Daihatsu	2,429	0.16
Dodge	58,529	3.96
Eagle	10,165	0.69
Ferrari*	160	0.01
Ford	221,206	14.96
Hyundai	22,432	1.52
Isuzu	434	0.03
Jaguar	2,998	0.20
Lamborghini*	26	0.00
Lincoln	38,132	2.58
Lotus*	54	0.00
Maserati*	40	0.00
Mazda	38,831	2.63
Mercedes	10,465	0.71
Mercury/Merkur	61,962	4.19
Mitsubishi	32,829	2.22
Nissan	67,943	4.59
Oldsmobile	84,701	5.73
Peugeot	648	0.04
Plymouth	44,357	3.00
Pontiac	95,544	6.46
Porsche	1,421	0.10
Rolls/Bentley*	200	0.01
Saab	4,055	0.27
Sterling	998	0.07
Subaru	13,291	0.90
Suzuki	1,130	0.08
Toyota	124,445	8.42
Volvo	15,135	1.02
VWoA	19,659	1.33
Yugo	1,423	0.10
TOTAL	**1,478,757**	**100.00**
TOTAL GM	**527,356**	**35.66**
TOTAL FORD	**321,320**	**21.73**
TOTAL CHRYSLER	**140,434**	**9.50**
TOTAL JAPANESE	**490,581**	**27.09**
TOTAL EUROPEAN	**66,636**	**4.51**
TOTAL KOREAN	**22,432**	**1.52**

*—Estimate
Big 3 totals include their captive imports.
Percent share may contain error of one or two points due to rounding.

U.S. groups excluded from Volvo, Renault director swap

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — AB Volvo's proposed joint venture with Renault will cause some "director-swapping" between the parent companies and their subsidiaries — but not those in the United States.

As part of the deal's 45 percent equity swap between heavy-truck units Renault Vehicles Industriels and Volvo Truck Corp., each partner will nominate two directors to sit on the board of the other's truck business, said Elios Pascual, executive vice president of planning and administration for Renault Vehicles Industriels.

Navistar, Paccar eye Mack, Page 16

There also will be some director swapping at the parent companies, although the number of directors hasn't been disclosed.

In the United States, Renault owns 45.6 percent of Mack Trucks Inc. and Volvo owns 76 percent of Volvo GM Heavy Truck Corp.

But there will be no Volvo GM members on the Mack Trucks board, nor any Renault/Mack members on the Volvo GM board, Pascual said in an interview last week.

Pascual is a Mack Truck board member.

The French and Swedish automakers announced last month that Volvo would acquire 20 percent of Regie Nationale des Usines Renault as well as the 45 percent stake in Renault's truck group. Renault will take 10 percent of AB Volvo and 25 percent of Volvo Car Corp. in addition to the 45 percent share of Volvo Truck.

The announcement touched off speculation that Volvo and Renault may merge the U.S. truck operations, but officials of both companies said there will be no mixing of products or dealers.

Bjorn Ahlstrom, president and chief executive officer of Volvo North America Corp., said in a separate interview that the partnership is aimed foremost at saving money by eliminating redundant research and development costs. The venture will also combine the buying power of the two industrial groups.

"Now we can talk millions of cars, millions of transmissions, millions of air conditioning systems," Ahlstrom said. "Now we can play with the big guys. Doing that will hopefully benefit our numbers."

Operating income for AB Volvo fell 31 percent in 1989 to approximately $784.5 million.

Operating income in the car sector fell 46 percent from 1988 levels, to about $315.6 million.

AB Volvo officials blamed the lower profits on high costs in Sweden combined with weak growth in productivity, as well as research and development costs, most of which were charged to the auto sector.

Research and development costs were about $1 billion, a 20 percent increase from 1988 and the highest year-to-year increase in five years.

AUTOMOTIVE NEWS-JOE WILSEMS

Ahlstrom: Joint venture to cut costs.

FEBRUARY TRUCK SALES BY MANUFACTURER AND SEGMENT

		14,000 & LESS GVW CLASS 1-3	14,001-16,000 GVW CLASS 4	16,001-19,500 GVW CLASS 5	19,501-26,000 GVW CLASS 6	26,001-33,000 GVW CLASS 7	33,001 & OVER GVW CLASS 8	TOTAL 1990	TOTAL 1989
CHRYSLER-PLYMOUTH	MO	8,863						8,863	14,022
	YR	39,220						39,220	27,750
DODGE	MO	36,356						36,356	45,101
	YR	92,458						92,458	87,000
JEEP	MO	15,456						15,456	17,286
	YR	33,873						33,873	36,083
TOYOTA	MO	12,779						12,779	15,280
	YR	26,311						26,311	30,480
NISSAN	MO	14,039						14,039	15,230
	YR	22,031						22,031	27,177
MAZDA	MO	5,164						5,164	6,183
	YR	10,723						10,723	13,093
ISUZU	MO	8,221						8,221	6,873
	YR	14,960						14,960	13,499
MITSUBISHI	MO	2,565						2,565	3,366
	YR	7,391						7,391	6,263
SUZUKI	MO	1,271						1,271	2,324
	YR	2,644						2,644	4,382
RANGE ROVER	MO	373						373	341
	YR	735						735	836
DAIHATSU	MO	288						288	0
	YR	541						541	0
FORD	MO	101,444	2,041		282	2,094	803	106,664	114,372
	YR	210,245	4,146		724	4,566	1,915	221,596	226,315
FREIGHTLINER	MO						1,870	1,870	1,926
	YR						3,972	3,972	3,866
CHEVROLET	MO	94,797		31	587	666		96,081	96,217
	YR	196,981		49	1,294	1,265		199,589	186,806
GMC	MO	22,915		508	474	1,018		24,915	27,121
	YR	49,529		642	744	1,835		52,750	54,526
OLDSMOBILE	MO	1,630						1,630	
	YR	2,978						2,978	
PONTIAC	MO	1,794						1,794	
	YR	3,732						3,732	
KENWORTH	MO					38	1,300	1,338	1,281
	YR					57	2,500	2,557	2,732
MACK	MO				102	136	959	1,197	1,860
	YR				210	280	1,884	2,374	3,540
MERCEDES-BENZ	MO				40	78		118	134
	YR				80	164		244	282
NAVISTAR	MO		5	8	979	2,535	1,917	5,444	5,058
	YR		7	16	1,741	5,049	4,092	10,905	11,345
PETERBILT	MO					30	901	931	1,254
	YR					84	2,034	2,118	2,710
VOLVO/GM HEAVY	MO					40	937	977	1,380
	YR					106	1,913	2,019	2,633
HINO	MO	26		34	65	98		223	156
	YR	51		61	100	173		385	320
NISSAN DIESEL	MO	55		55	30	34		174	207
	YR	106		123	57	73		359	328
ISUZU TRUCK	MO	460	49	15	219	20		763	776
	YR	998	101	39	329	102		1,569	1,464
MITSUBISHI FUSO	MO	146		62	23	68		299	301
	YR	277		118	39	101		535	503
SCANIA	MO						12	12	7
	YR						22	22	13
IVECO TRUCKS	MO	101	33	13	9			156	121
	YR	190	58	23	18			289	273
WESTERN STAR	MO						82	82	122
	YR						150	150	222
OTHER DOMESTICS	MO						53	53	121
	YR				34	1	105	140	190
GRAND TOTAL, 1990	MO	328,743	2,128	726	2,810	6,855	8,834	350,096	378,420
	YR	715,994	4,312	1,071	5,370	13,956	18,587	759,190	744,631
1989 YR to DATE		696,032	4,991	1,462	6,561	13,708	21,877	744,361	

NOTE: Class 1-3 reported by individual manufacturers. Class 4-8 reported by Motor Vehicle Manufacturers Association.

Mack says Renault spurned feelers by Navistar, Paccar

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

TROY, Mich. — Mack Trucks Inc. has been a tempting acquisition target for a couple of major U.S. truck manufacturers who visited Renault Vehicules Industriel officials to explore the possibility.

But Renault never seriously considered relinquishing its large stake in Mack, according to Ralph Reins, Mack chairman and chief executive officer.

And Renault's decision to provide $500 million worth of convertible subordinated loans to Mack and its deal with AB Volvo have cemented Renault's ties to Mack.

During the past several months, the strongest reports in the heavy-truck industry have been of a potential takeover of Mack by Navistar International Corp. of Chicago.

Sources close to Navistar noted that James C. Cotting, chairman, president and chief executive officer of Navistar International Corp., and Neil Springer, chairman, president and chief executive officer of Navistar International Transportation Corp., had made a couple trips to Europe and expressed their interest in a deal with Renault involving Mack.

The two companies were considered a good fit for many reasons, including Navistar's strength in the over-the-road market and Mack's strength in construction, where Navistar is weak.

Navistar was also interested in getting a foothold in Europe through a deal with Renault, prior to unification of the European Community in 1992.

Reins confirmed that not only Navistar's top officials but Charles M. Pigott, chairman of Paccar Inc. of Bellevue, Wash., had visited Renault, expressing interest.

"Certainly, Cotting and Piggot expressed some interest in purchasing Mack," Reins said, adding that Renault, with 45.6 percent of Mack's stock and options to purchase up to 60 percent, never really took the conversations seriously.

"They (Navistar and Paccar officials) weren't talking to Raymond Levy," the chairman and chief executive officer of Regie Nationale de Usines Renault, Reins said.

"They were talking to an official who came out of the government and was exploring, from a French government standpoint, various options and was looking at the future of the French investment and privatization of various businesses," Reins added.

"There were a number of people looking at different things. There was a 'Let's fish the market and see what's going on' attitude, and anybody who expressed any formal interest (in Mack) was listened to," added Reins, discounting the seriousness of the overtures.

He said a Navistar-Mack or Paccar-Mack merger could never get past antitrust regulations in the United States any more than a Mack-Volvo GM Heavy Truck Corp. merger could.

"You wouldn't get approved because you'd create a new No. 1" heavy-truck manufacturer, Reins said. "You can create a new No. 2 or a new No. 3, but you can't create a new No. 1 as part of an amalgamation.

"Forget the combinations; forget the nameplates. That's the (antitrust) rule. That's the way the game would be played because the others (truck competitors) would quickly voice their dissent, and there would be problems," he said.

Paccar, with its Kenworth Truck Co. in Kirkland, Wash., and its Peterbilt Motors Co. in Newark, Calif., overtook Navistar as the top Class 8 heavy-truck retailer for the first time last year.

According to R.L. Polk & Co. registrations, Paccar captured 24.5 percent of Class 8 compared to Navistar's 21.5 percent.

Elios Pascual, executive vice president of Renault and a member of Mack's board, said flatly that there will be no merger of Mack and Volvo GM in the United States, now or in the future.

"We are putting in a file with the Securities and Exchange Commission, saying we have no intention of changing anything in the ownership of Mack. We definitely have no changes (planned) in the future, too," Pascual added.

Rockwell spends big to expand international automotive business

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Rockwell International Corp. has been expanding its Automotive Body and Chassis Systems business internationally.

The company pumped $130 million into sunroof operations, plastic parts and assemblies, suspension systems and its steel wheel business between 1988 and 1990 to capitalize on burgeoning worldwide automotive markets.

William F. Rebone Jr., president of Automotive Body and Chassis Systems, said the investments have increased sales volume, added new technology, expanded product lines and increased the firm's ability to provide "concept-to-delivery" service to customers.

Rebone, speaking at an SAE conference, said he remains bullish about the North American car market in the 1990s.

Rockwell has 25 production locations worldwide, compared to 19 at the end of 1988, he added. He said more plants "probably" will be established in the near future.

Rockwell's investments have moved it from a contract manufacturer to a systems-oriented supplier, capable of handling design, engineering and prototyping requirements in all its body systems.

The investments included $40 million for installing two system module plants in Europe.

Rockwell also invested more than $60 million to expand its North American plastics capability. That includes acquisition of Butler Polymet.

Rockwell is also expanding its suspension products business and has supply agreements with every North American automaker.

SALES

FROM PAGE 1

and light trucks included in the *Automotive News* study.

Toyota dipped to 817 car/truck sales per outlet from 850 in 1988, and Honda fell to 677 from 691. Third-place Ford averaged 639 new-vehicle deliveries per franchise last year, down from 669 in 1988. Nissan was one of 10 makes that bucked the trend. Its average car/truck sales per dealership rose to 596 in 1989 from 579 a year earlier on a 12.3 percent surge in unit sales.

Other makes showing gains were Volvo, Isuzu, Volkswagen, GMC, Lincoln, Range Rover, Daihatsu, Peugeot and Rolls-Royce/Bentley. Of the 10 gainers, only Nissan, Volvo and Range Rover were up more than five sales per outlet.

Suzuki had the greatest decline in car/truck sales per location, sinking to 127 in 1989 from 241 a year earlier.

Suzuki's car sales rose from its partial-year total in 1988, but sales of its 2-door Samurai sport-utility fell 58 percent, due at least partially to the 25 percent tariff on such imports.

Six Japanese makes, three domestic makes and one Korean nameplate made up the Top 10 in car/truck sales per outlet.

Ford crept up to third place from fourth in 1988. Chevrolet rose to sixth from seventh, and Dodge remained in 10th place.

Imports also captured eight of the 10 top spots for car sales per outlet in 1989. Six of the top 10 makes were Japanese, one was Korean, two were domestic and the other was European.

The domestics were seventh-place Ford and ninth-place Chevrolet.

Five of the top six were Japanese: Honda, Toyota, Acura, Nissan and Mitsubishi. Fourth-place Hyundai was the only exception.

Honda's Acura Division made the top 10 list without a transplant.

Trucks beefed up sales for domestic dealers again in 1989.

The domestic light-truck market was down about 3 percent in 1989, while sales of domestic cars fell 9 percent. At Dodge, for example, about 55 percent of dealer sales per outlet were trucks (including minivans). The breakout was 148 cars and 181 trucks.

Car and truck sales per outlet were almost evenly divided at Ford and Chevrolet. At Ford, the score was 331 cars and 308 trucks for a 52-48 percent ratio. At Chevrolet, the totals were 281 cars and 270 trucks for 51-49 percent.

And yet, sales for dealers of Japanese imports tilted significantly toward cars. Toyota's car sales were 76 percent of its sales per dealership; Nissan's, 77 percent; Mitsubishi's, 74 percent; and Mazda's 77 percent.

CAR-TRUCK SALES PER OUTLET

Final 1989	1989	1988
1. Toyota	817	850
2. Honda	677	691
3. Ford	639	669
4. Hyundai	610	1,053
5. Nissan	596	579
6. Chevrolet	551	570
7. Acura	483	510
8. Mitsubishi	453	571
9. Mazda	404	427
10. Dodge	329	354
11. Volvo	249	238
12. Pontiac	229	262
13. Isuzu	209	206
14. Oldsmobile	192	227
15. Lexus	185	—
16. Buick	184	198
17. Mercedes	181	198
18. Mercury	181	197
19. Subaru	179	195
20. Jeep	167	178
21. Cadillac	166	166
22. Volkswagen	164	162
23. BMW	161	176
24. Plymouth	159	172
25. GMC	148	147
26. Jaguar	135	144
27. Suzuki	127	241
28. Lincoln	122	117
29. Saab	86	104
30. Chrysler	72	90
31. Range Rover	72	57
32. Daihatsu	71	67
33. Audi	57	58
34. Yugo	47	107
35. Eagle	47	48
36. Sterling	34	50
37. Porsche	33	51
38. Infiniti	30	—
39. Peugeot	26	26
40. Rolls/Bentley	22	21
41. Alfa Romeo	21	31
42. Maserati	5	11

Totals include sales of captive imports and transplant models.

CAR SALES PER OUTLET BY MAKE FOR 5 YEARS

	1989	1988	1987	1986	1985
Honda	677	691	693	716	640
Toyota	622	625	578	592	572
Hyundai	610	1053	1309	1431	—
Acura	483	510	595	352	—
Nissan	458	426	477	495	520
Mitsubishi	336	571	521	439	598
Ford	331	349	306	301	295
Mazda	311	313	266	290	277
Chevrolet	281	302	304	343	362
Volvo	249	238	257	276	257
Pontiac	227	262	234	283	265
Oldsmobile	191	227	226	334	334
Lexus	185	—	—	—	—
Buick	184	198	189	260	285
Mercedes-Benz	181	198	213	236	207
Mercury	181	197	174	184	192
Subaru	179	195	219	226	219
Cadillac	166	166	162	188	185
Volkswagen	164	162	219	247	246
BMW	161	176	209	226	204
Dodge	148	168	136	178	168
Jaguar	135	144	150	150	120
Lincoln	122	117	102	110	104
Plymouth	99	109	112	141	122
Chrysler	71	90	99	117	124
Daihatsu	69	67	—	—	—
Audi	57	58	101	146	182
Yugo	47	107	166	173	—
Eagle	47	48	33	—	—
Sterling	34	50	85	—	—
Porsche	33	51	74	94	78
Infiniti	30	—	—	—	—
Isuzu	28	44	89	134	118
Peugeot	28	26	34	51	53
Suzuki	25	3	—	—	—
Rolls/Bentley	22	21	21	20	18
Alfa Romeo	21	31	42	54	31
Maserati	5	11	14	20	24

Note: Totals include sales of captive imports and transplant models.

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Ford's full-sized, rear-wheel-drive wagons have been a favorite of boaters and campers, but the automaker will not offer a big wagon after the 1991 model year.

WAGONS

FROM PAGE 1

percentage. Market studies showed people opted for the Taurus/Sable wagons, not because they were in the market specifically for a wagon, but because they liked the look of the Taurus/Sable wagons.

"When you consider how few new entries there have been and how little has been done in the redesign of wagons, it's remarkable sales held up at all," said Ron Cieslak, a Buick marketing manager. "It really tells you that there is a basic ongoing need that is being satisfied, and people want wagons in spite of the fact that the styling hasn't been freshened."

This fall, GM will introduce its redesigned full-sized, rear-wheel-drive wagons. The Chevrolet Caprice, Oldsmobile Custom Cruiser and Buick Estate wagons were redesigned in the 1977 model year and restyled in the 1981 model year.

In addition to revamping its full-sized wagons, GM will redesign its mid-sized Buick Century and Oldsmobile Cutlass Ciera wagons in 1993. It also is considering where to go with small wagons. GM's Saturn Corp. is contemplating a small wagon.

GM expects to capitalize on the full-sized wagon market with the redesign of the line as well as Ford's decision to abandon that market segment.

Ford will build its last rwd Crown Victoria and Grand Marquis in 1991. Ford said it has opted to put its resources into existing and future van products and will fill the niche left by the large wagons with those products. Competitors suspect that when Ford redesigns the Taurus/Sable, it will produce a stretched version to fill the gap left by the departure of the large wagons. Ford has wagons in its redesigned Ford Escort/Mercury Tracer lines. Escort goes on sale April 26; Tracer, a month or so later.

Chrysler has no plans to return to the wagon market — the company will pump its resources into the minivan segment.

GM's research shows underlying strength remains in the full-sized wagon segment. Oldsmobile forecasts industry sales of 250,000 to 280,000 units annually for full-sized wagons and about 180,000 annually for mid-sized wagons throughout the 1990s.

Research by a number of automakers indicates that the vast majority of minivan buyers — expected to peak at just over a million units in the next couple years — didn't trade their wagons for vans. Rather, they traded their coupes and sedans — as well as trucks — for minivans.

GM and Ford studies show about 30 to 35 percent of the minivan buyers trade in another van, a truck or sport-utility. GM's research showed only 17 percent of minivan buyers in 1988 previously owned station wagons. Another 28 percent previously owned sedans, and 25 percent owned coupes.

Part of the reason is that wagons make up less than 6 percent of the total car market. But studies by automakers also define station wagon owners as different animals than van owners.

Minivan sales are concentrated in the 35 to 50 age range, with most having young families, according to GM and Ford studies. Station wagon sales span a broader age spectrum. Income of wagon owners, on average, is higher than that of minivan owners. They are a loyal lot, who often buy the same kind of wagon when they purchase a new vehicle. And 20 to 30 percent of wagon owners, depending on the size of the vehicle, are fleet buyers. Automakers expect the fleet market for wagons to continue at that pace.

Joel Pitcoff, Ford's sales analyst, said a study of minivan sales compared to Taurus wagon sales showed 48 percent of minivan sales were to 35- to 49-year-olds. Taurus buyers were fairly evenly distributed across the age spectrum, with a quarter of them over 65. Similarly, Buick found a bulk of its wagon owners were retired empty nesters.

"Despite the fact that vans and trucks are becoming more car-like, wagon owners still like wagons," said Buick's Cieslak.

Oldsmobile asked its wagon owners why they picked a wagon over a van or multipurpose vehicle. The No. 1 reason was safety; owners noted that minivans meet the less-stringent standards for trucks. Other reasons included the ride, handling and comfort characteristics that a car offers over a truck.

Buick gathered some of its wagon owners to view GM's new all-purpose vehicles, sold as the Chevrolet Lumina APV, Pontiac Trans Sport and Oldsmobile Silhouette. Only a small percentage said they would replace their wagons with the vans.

Likewise, a Ford study of Taurus/Sable wagon owners found that if the Taurus and Sable wagons were no longer available, owners wouldn't choose a van. Instead, they would seek out a station wagon they viewed as similar to the Taurus/Sable.

GM and Ford aren't alone in their interest in the station wagon market. Asian automakers and European makes have aggressive product plans for station wagons in the 1990s.

"It almost appears that the Asians believe there is more potential in the wagon market than the van market," said J.D. Power's Christopher Cedergren. "Their 1995-96 product plans don't look as aggressive in the compact van markets as we once believed."

> "Despite the fact that vans and trucks are becoming more car-like, wagon owners still like wagons."
>
> **Ron Cieslak**
> Buick marketing manager

Cedergren said the number of van entries from Japanese automakers will increase in the next five years, but not as much as they had planned two years ago.

Honda, for example, had considered production of a minivan built on the Accord platform. Those plans are shelved at least until the middle of the decade.

Instead, Honda will introduce an Accord wagon for 1991. Honda's plant in Marysville, Ohio, will produce about 50,000 wagons a year beginning this fall.

Likewise, Mazda plans a station wagon based on its 626 model for 1992. Mitsubishi plans a CZL high wagon, based on the Galant, as early as spring of 1991. A shorter-wheelbase version will be sold through Chrysler Corp. to replace the Dodge Colt/Plymouth Vista. Toyota will redesign its Camry wagon for the 1992 model year and produce in Kentucky.

European makes, the popular choices of free-spending yuppies in the 1980s, plan to stay strong in the wagon segment. Of the Europeans, Volvo has performed best in the station wagon market. In the past 10 years, Volvo has increased its wagon offerings from two to six models and has doubled its sales to more than 30,000 units annually.

Mercedes-Benz wagon sales have edged upward, and the company expects its stranglehold on the luxury end of the market to continue through the 1990s.

Meanwhile, Audi is considering a wagon version of its 80/90 series. And industry observers speculate that BMW eventually will sell a wagon version of its next-generation 5 series in the United States.

While wagons could make a comeback, the models of the 1990s won't be like those of 1950s, the 1960s or even the 1970s. The clunky wagon of yesteryear will give way to a more aerodynamic shape in the 1990s. The sloppy handling and soft ride of previous wagons will be replaced — in many cases, by a sporty, performance-oriented version to appeal to yuppies who owned Euro-sedans and sports coupes in the 1980s. Bare-bones versions will be replaced by luxury models with all the amenities of their sedan counterparts.

And the 1990s will see a proliferation of a version of station wagon that didn't exist before the 1980s. More "tall" wagons, or wagon/van hybrids, will be introduced in the coming years, market researchers say.

"Maturing baby boomers will be growing older and making more money," said Cedergren. "They'll need family oriented transportation but don't want to give up the performance, styling and luxury."

Dealer, buyer incentives adjusted

Oldsmobile, Peugeot, Hyundai and Nissan offer varied lures

By Arlena Sawyers
AUTOMOTIVE NEWS STARR REPORTER

Four manufacturers adjusted their retail and dealer incentive programs last week.

Oldsmobile announced a $1,500 factory-to-customer rebate on 1990 Toronado and Trofeo models which runs until Sept. 26. In lieu of rebates, customers may choose the special 6.9 percent finance rate for contracts up to 48 months or 10.9 percent for 49- to 60-month contracts.

Also, Oldsmobile dealers can earn additional cash if they meet their factory-set sales quotas in February, March and April. Dealers who met their quota in February earned $750 per unit; those who meet their March objective will earn $1,000; and those who make their April goal will receive $1,250. Cash payments are retroactive to the first vehicle sold. All Oldsmobile vehicles except the Silhouette are counted toward the objective.

Peugeot Motors of America Inc. is offering retail incentives of $3,000 on 1989 405 and 505 sedans; $1,700 on 1989 505 wagons; and $1,000 on the 1990 405 Sports Wagon. The Peugeot program runs indefinitely.

Hyundai Motor America is paying its customers cash rebates of $750 when they purchase the 1990 Excel GL and GS and $1,000 for the 1990 Excel GLS. Hyundai's program expires April 3.

Nissan Motor Corp. in U.S.A. announced several changes Friday. The $1,000 dealer incentive on 1989 Pulsar NX expired March 2. Nissan is offering dealers the following: 1988 and 1989 Sentra non-standard models, $1,250; 1990 Sentra non-standard models, $1,000; 1988 and 1989 Hardbody, non-base 4x2 and all 4x4 models, $1,500; and 1990 Hardbody, non-base 4x2 and all 4x4 models, $1,200.

Under another program, Nissan is offering dealers cash on sales of the 1988, 1989 and 1990 Stanza. Dealers earn $500 on the first unit, $750 on the second unit and $1,000 for the third unit and above. Nissan's program expires May. 2.

CLEAN AIR

FROM PAGE 2

auto industry. Opening arguments were heard last week, and members promised to offer alternative-fuel amendments.

The draft — which environmentalists charge was written by carmakers — demands less of the industry because it would only require them to certify they can produce, distribute and offer to sell alternative-fueled vehicles.

An earlier proposal would have actually required sales.

But Rep. Henry Waxman, a California Democrat and ardent environmentalist, is expected to back an alternative-fuels amendment that is "almost a parallel of" the Wirth-Wilson amendment, according to Robert G. Liberatore, Chrysler Corp.'s executive director for public policy and legislative affairs.

Environmental groups have been resurrecting industry arguments from the 1970s — when carmakers said they couldn't reach standards that were later met.

"The auto and oil industries are once again trying to scare the Senate with recycled horror stories about the alleged impossibility of meeting these critical environmental protection provisions," the Sierra Club said in a flier.

The group backs the Wirth-Wilson alternative-fuels program, which it says will not only "clean up cities" but will benefit the natural gas industry and farmers who sell corn to ethanol producers.

Voices for dealers and the industry counter by saying alternative-fuel technology is unproven. They warn that performance problems, inconvenience and more costly fuel may scare potential buyers and leave dealers stuck with unsold cars.

The dealers and the industry added that if alternative-fueled vehicles are mandated, they should be accompanied by programs that will stimulate consumer demand.

Honda backing unique

Honda has set its sights on a true market niche: women who participate in grass-roots racing.

American Honda Motor Co. Inc. announced its sponsorship of the Women's Pro Solo Championship for 1990 — the only major for-women-only auto racing series in the United States. Sponsorship is estimated to cost Honda as little as $10,000.

— Dutch Mandel

INCENTIVE WATCH

DEALER INCENTIVES

	Rebate	Expiration Date
Chrysler (1989 models)		
TC by Maserati	$6,000	None
General Motors (1989 models)		
Buick	$750-$2,000	May 2
Chevrolet Nova, Spectrum (1988)	$500	May 2
Geo, Celebrity	$500	May 2
Geo Tracker	$1,000	May 2
Oldsmobile	$500-$2,500	May 2
Pontiac LeMans, Grand Am	$500	May 2
Grand Prix	$1,000	April 2
Grand Prix	$500	April 3-May 2
General Motors (1990 models)		
Buick Park Avenue, Estate Wagon, Riviera, Reatta	**$1,000-$2,000**	**May 2**
Cadillac	**$1,000**	**Mar. 31**
Chevrolet Geo, Celebrity	**$500-$1,000**	**May 2**
Geo Tracker	**$1,000**	**May 2**
Oldsmobile	**$500-$1,000, quota**	**May 2**
Pontiac Firebird	**$300-$500**	**May 2**
Grand Prix	**$500**	**May 2**
Isuzu (1989 models)		
Impulse, I-Mark	$300	Mar. 31
Trooper	$500-$1,500, quota	Mar. 31
Pickup	$500-$700	Mar. 31
Isuzu (1990 models)		
Trooper	**$500-$1,500, quota**	**Mar. 31**
Pickup	**$500-$700, quota**	**Mar. 31**
Mitsubishi (1989-90 models)		
Cars	**$500-$1,000**	**Mar. 31**
Trucks	**$1,000**	**Mar. 31**
Nissan		
Stanza (1989-90)	**$500-$1,000**	**May 2**
Axxess (1990)	**$1,000**	**May 2**
Pathfinder (1989)	**$1,500**	**May 2**
Saab (1989 models)	$3,000-$5,000	April 30
Subaru (1989 models)		
Justy ECVT	$1,200	May 2
Other Justy	$500	May 2
XT, XT6	$1,500	May 2
Subaru (1990 models)		
Loyale	**$400**	**May 2**
Legacy	**$500-$1,500**	**May 2**
Suzuki (1990 models)		
Swift	**$400**	**Mar. 31**
Sidekick	**$700-$1,500**	**Mar. 31**
Volkswagen (1989 models)		
Cars	$600-$2,500	None
Vanagon	$3,000-$4,000	None

INCENTIVE WATCH

CUSTOMER INCENTIVES

	Rebates	Finance Rates (Pct.) — Months — 24	36	48	60	Expiration Date
Chrysler Motors (1988-89 models)						
Chrysler	$1,000-$2,000	2.9	6.9	7.9	9.9	None
Dodge cars	$750-$1,500	2.9	6.9	7.9	9.9	None
Dodge trucks	$750-$2,500	2.9	6.9	7.9	9.9	None
Eagle	$1,000-$2,000	2.9	6.9	7.9	9.9	None
Jeep	$500-$1,500	2.9	6.9	7.9	9.9	None
Plymouth	$750-$1,250	2.9	6.9	7.9	9.9	None
Chrysler Motors (1990 models)						
Dodge cars	**$750-$1,000**	**2.9**	**6.9**	**7.9**	**9.9**	**None**
Eagle Summit	**$1,000**	**2.9**	**6.9**	**7.9**	**9.9**	**None**
Plymouth	**$750-$1,000**	**2.9**	**6.9**	**7.9**	**9.9**	**None**
Chrysler Motors (1990 models, guaranteed rebates*)						
Chrysler	**$1,000**	**2.9**	**6.9**	**7.9**	**9.9**	**Mar. 31**
Dodge cars	**$750-$1,500**	**2.9**	**6.9**	**7.9**	**9.9**	**Mar. 31**
Dodge trucks	**$1,000 - $2,000**	**2.9**	**6.9**	**7.9**	**9.9**	**Mar. 31**
Eagle	**$750-$2,000**	**2.9**	**6.9**	**7.9**	**9.9**	**Mar. 31**
Jeep	**$500-$1,000**	**2.9**	**6.9**	**7.9**	**9.9**	**Mar. 31**
Plymouth	**$750-$1,000**	**2.9**	**6.9**	**7.9**	**9.9**	**Mar. 31**
*—Buyer will receive any increase in rebate through Sept. 30, 1990.						
Ford Motor Co. (1989 models)						
Ford cars*	$750-$1,000	6.9	6.9	6.9	10.9	April 2
Ford trucks**	$500-$1,500	6.9	6.9	6.9	10.9	April 2
Continental, Mark VII	$1,500					April 2
Mercury*	$750-$1,500	6.9	6.9	6.9	10.9	April 2
*—Ford Escort and Mercury Tracer buyers get cash rebate and 6.9 percent financing.						
**—60-month financing at 8.9 percent with van-conversion package						
Ford Motor Co. (1990 models)						
Ford cars*	**$750-$1,000**	**6.9**	**6.9**	**6.9**	**10.9**	**April 2**
Ford trucks**	**$500-$1,500**	**6.9**	**6.9**	**6.9**	**10.9**	**April 2**
Continental, Mark VII	**$1,500**					**April 2**
Mercury*	**$750-$1,500**	**6.9**	**6.9**	**6.9**	**10.9**	**April 2**
*—Ford Escort and Mercury Tracer buyers get cash rebate and 6.9 percent financing.						
**—60-month financing at 8.9 percent with van-conversion package						
General Motors (1989 models)						
Chevrolet cars	$700-$1,000	6.9	6.9	6.9	10.9	May 2
Chevrolet trucks	$500-$1,500	6.9	6.9	6.9	10.9	May 2
Cadillac	$1,500*	5.9	6.9	7.9		Mar. 31
GMC trucks	$750-$1,500	6.9	6.9	6.9	10.9	May 2
Cutlass Supreme	$1,500	6.9	6.9	6.9	10.9	May 2
Pontiac	$750-$1,000	6.9	6.9	6.9	10.9	May 2
*—Cadillac owners and certificate holders only.						
General Motors (1990 models)						
Buick	**$500-$1,250***	**6.9**	**6.9**	**6.9**	**10.9**	**May 2**
Chevrolet cars	**$700-$1,000**	**6.9**	**6.9**	**6.9**	**10.9**	**May 2**
Chevrolet trucks	**$500-$1,500**	**6.9**	**6.9**	**6.9**	**10.9**	**May 2**
GMC trucks	**$750-$1,500**	**6.9**	**6.9**	**6.9**	**10.9**	**May 2**
Cutlass Supreme	**$1,000**	**6.9**	**6.9**	**6.9**	**10.9**	**May 2**
Toronado	**$1,500**	**6.9**	**6.9**	**6.9**	**10.9**	**Sept. 26**
Pontiac	**$750-$1,000**	**6.9**	**6.9**	**6.9**	**10.9**	**May 2**
*—Based on option package selected						
Hyundai Excel (1990 models)	**$750-$1,000**					**April 3**
Mazda (1990 models)						
626	**$1,000**					**April 3**
MX-6	**$750**					**April 3**
Trucks	**$750-$1,000**					**April 3**
Nissan (1988-1989 models)						
Sentra	$1,000-$1,250					May 2
Trucks	$1,200-$1,500					May 2
Nissan (1990 models)						
Sentra	**$1,000**					**May 2**
Trucks	**$1,200**					**May 2**
Peugeot (1989, 1990 models)	**$1,000-$3,000**					**None**
Sterling (1989 models)	$5,000					Mar. 31
Suzuki (1989 models)						
Swift	$500-$2,000					Mar. 31
Samurai	$1,000					Mar. 31
Sidekick	$500-$3,000					Mar. 31

PRODUCTION

Truck build drops 3%; cars steady

By Karen Datkowski
SPECIAL CORRESPONDENT

Last week's targeted domestic auto production totaled 135,690, down 0.47 percent from the prior week and 11.07 percent below the year-ago week.

So far this year, 1,167,689 cars have been assembled, 29.00 percent below last year's total at this point.

Last week's scheduled auto output was divided as follows: General Motors, 42.64 percent; Ford Motor Co., 25.13 percent; Chrysler Motors, 11.50 percent; Honda of America Manufacturing Inc., 6.75 percent; Toyota Motor Manufacturing U.S.A. Inc., 3.28 percent; Mazda Motor Manufacturing (USA) Corp., 3.42 percent; New United Motor Manufacturing Inc., 3.02 percent; Diamond-Star Motors Corp., 2.17 percent; Nissan Motor Manufacturing Corp. U.S.A., 1.75 percent; and Subaru-Isuzu Automotive Inc., 0.34 percent.

Scheduled truck output was 85,690 units last week, 3.02 percent below the previous week and 11.30 percent below the year-ago week.

Year-to-date, 772,519 trucks have been built, 23.42 percent below 1989. Truckmakers are some three weeks behind last year's pace when the millionth truck was built March 18.

GM slated Friday overtime at its Janesville, Wis., plant and Saturday overtime for the A-line at its Lansing, Mich., plant last week. The A-line assembles the Buick Skylark and the Oldsmobile Cutlass Calais.

GM's Wentzville, Mo., plant remains closed until March 26 for changeover to the 1991 Buick Park Avenue.

GM's Detroit truck facility was down last week for inventory adjustment. The plant produces commercial, recreational and specialty vehicle chassis and is scheduled to resume operations today.

Chrysler's Grand Wagoneer line in St. Louis was down last week and will be closed this week to adjust inventories. Operations are expected to resume March 26.

Ford scheduled the following car plants for daily overtime last week: Wayne, Mich.; Wixom, Mich.; Atlanta; and Chicago.

Also working daily overtime last week were Ford's St. Louis and St. Paul, Minn., truck facilities.

Canadian cars move ahead 8%

Last week's scheduled Canadian car production of 27,441 increased 7.95 percent over the previous week and 34.47 percent above the year-ago week.

So far this year, 210,534 cars have been produced, 2.07 percent below last year's total at this point. Truckmakers targeted last week's production at 20,299, 0.28 percent above the prior week and 19.17 percent over the year-ago week.

Year-to-date, 187,123 trucks have been built, 17.36 percent below 1989's build at this point.

Saturday overtime was scheduled at GM's Oshawa, Ontario, truck facility last week.

U.S. CAR	Week Ended Mar. 17, 1990	Week Ended Mar. 18, 1989	Week Ended Mar. 10, 1990	Mar. to Date	Jan. 1 to Mar. 17, 1990	Jan. 1 to Mar. 18, 1989
Horizon	0	0	0	0	4,576	0
Sundance	1,900	2,386	1,972	4,698	14,977	26,093
Acclaim	1,900	3,445	2,043	4,783	16,012	24,098
Total Plymouth	3,800	5,831	4,015	9,481	35,567	50,191
LeBaron A	800	0	821	1,949	4,243	0
LeBaron J	1,400	2,296	1,355	3,244	5,657	24,784
LeBaron GTS	0	0	0	0	0	2,946
N. Yorker C-Class	400	2,861	547	1,185	4,057	28,582
Fifth Avenue	700	0	702	1,714	5,588	0
Imperial	500	0	557	1,306	4,385	0
Total Chrysler	3,800	5,157	3,982	9,399	23,930	56,312
Omni	0	0	0	0	4,306	0
Daytona	900	2,300	905	2,123	3,724	24,830
Shadow	2,100	2,404	2,198	5,133	17,169	26,561
Dynasty	3,000	3,564	3,088	7,498	24,326	36,019
Lancer	0	0	0	0	0	1,528
Spirit	2,000	2,749	2,073	4,865	17,970	22,921
Total Dodge	8,000	11,017	8,264	19,619	67,497	111,859
CHRYSLER MOTORS	15,600	22,005	16,261	38,499	126,994	218,362
Escort	4,640	6,900	3,910	9,906	28,977	81,109
Mustang	3,693	4,163	3,614	8,790	32,321	46,402
Tempo	2,785	3,246	2,864	6,997	24,972	37,669
Taurus	7,885	8,191	7,772	18,891	81,807	87,819
Thunderbird	3,376	3,786	3,313	8,026	23,343	40,285
Total Ford Div.	22,379	26,286	21,473	52,612	191,420	293,284
Topaz	1,725	1,154	1,660	3,742	9,393	14,376
Cougar	2,241	3,806	2,230	5,358	13,750	34,880
Sable	2,857	3,088	2,977	6,744	20,425	29,542
Total Mercury	6,823	8,048	6,867	15,845	43,568	78,798
Continental	1,094	1,660	1,267	2,791	11,641	16,685
Mark VII	533	553	629	1,383	5,774	6,817
Town Car	3,273	3,317	3,788	8,369	34,990	29,516
Total Lincoln	4,900	5,530	5,684	12,544	52,405	53,018
Total L-M Div.	11,723	13,578	12,551	28,389	95,973	131,816
FORD MOTOR CO.	34,102	39,864	34,024	81,001	287,393	425,100
Skyhawk	0	316	0	0	0	8,573
Skylark/Somerset	2,510	1,347	1,597	4,664	15,749	11,418
Century	1,423	2,758	1,480	3,671	13,991	28,118
Riviera	545	535	537	1,306	4,587	6,613
Electra	0	0	0	0	12,317	18,125
LeSabre (fwd)	3,214	4,485	4,834	9,604	31,920	19,015
LeSabre (rwd)	200	199	189	466	1,391	2,202
Reatta	211	194	204	495	1,725	1,478
Total Buick	8,103	9,834	8,841	20,206	81,680	95,542
Eldorado	640	919	443	1,267	4,038	8,265
Seville	705	568	625	1,593	5,454	6,290
Brougham (rwd)	1,080	838	1,030	2,522	8,049	10,596
DeVille (fwd)	3,835	4,936	3,679	8,979	30,409	49,675
Allante	89	73	89	214	704	805
Total Cadillac	6,349	7,334	5,866	14,574	48,654	75,631
Cavalier	7,838	7,890	7,708	18,676	58,092	87,120
Camaro	1,583	2,513	2,738	5,110	7,979	26,715
Celebrity	0	2,870	0	0	0	37,634
Corsica/Beretta	5,835	9,218	5,806	13,835	57,145	98,639
Caprice	2,990	5,478	2,944	7,113	24,163	44,382
Corvette	560	573	560	1,344	4,480	5,631
Total Chevrolet	18,806	28,542	19,756	46,079	151,859	300,121
Calais	1,990	2,317	1,954	4,830	16,675	19,605
Cutlass Ciera	2,405	1,858	2,527	5,782	17,840	18,372
Cutlass Supreme	1,948	0	1,891	4,552	16,548	21,568
Toronado	390	167	598	1,228	4,754	2,639
88 (fwd)	1,921	240	1,269	3,608	15,709	35,788
88 (rwd)	115	137	88	241	850	1,731
98	1,445	254	1,380	3,373	11,400	20,734
Total Oldsmobile	10,214	4,973	9,707	23,612	83,776	120,437
Sunbird	3,530	4,089	4,091	8,872	24,344	31,814
Grand Am	4,800	6,077	4,836	11,570	33,311	55,583
Firebird	1,285	1,568	1,041	2,567	3,596	16,884
Grand Prix	3,005	4,000	2,864	7,017	18,569	28,021
Pontiac 6000	1,755	2,235	1,698	4,117	12,528	20,639
Bonneville	0	0	0	0	13,984	18,605
Safari/Parisienne	0	124	0	0	0	1,196
Total Pontiac	14,375	18,093	14,530	34,143	106,332	172,742
GENERAL MOTORS	57,847	68,776	58,700	138,613	472,301	764,473
DIAMOND-STAR	2,946	1,119	2,725	6,761	29,017	7,284
HONDA	9,165	7,600	8,914	21,599	93,529	86,368
Civic	2,771	2,507	2,139	5,777	27,133	28,913
Accord	6,394	5,093	6,775	15,823	66,396	57,455
MAZDA†	4,645	4,862	4,242	10,540	38,849	53,925
NISSAN	2,380	2,329	2,357	5,690	25,344	25,442
NUMMI	4,100	4,023	4,298	10,156	43,579	42,722
Corolla	2,100	1,652	2,316	5,372	22,763	18,161
Geo Prizm/Nova	2,000	2,371	1,982	4,783	20,816	24,561
SUBARU-ISUZU	455	0	400	999	3,647	0
TOYOTA	4,450	2,004	4,409	10,621	47,036	21,014
Total Cars, U.S.	135,690	152,562	136,330	324,480	1,167,689	1,644,690
Total Cars, Canada	27,441	20,407	25,420	63,830	210,534	214,986
U.S., Canada Cars	163,131	172,969	161,750	388,310	1,378,223	1,859,676
U.S., Canada Cars and Trucks	269,120	286,633	270,347	436,922	2,337,985	3,094,815

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes MX-6, 626, and Ford Probe
*—Estimated

CANADIAN CAR	Week Ended Mar. 17, 1990	Week Ended Mar. 18, 1989	Week Ended Mar. 10, 1990	Mar. to Date	Jan. 1 to Mar. 17, 1990	Jan. 1 to Mar. 18, 1989
Monaco	850	0	981	1,831	3,725	0
Premier	425	0	294	719	1,120	10,285
CHRYSLER MOTORS	1,275	0	1,275	2,550	4,845	10,285
Tempo	3,428	3,403	3,113	8,007	27,680	39,541
Topaz	1,468	1,480	1,237	3,077	8,321	15,690
Crown Victoria	3,134	2,945	3,080	7,398	24,003	29,461
Grand Marquis	2,626	2,838	2,613	7,439	24,868	31,076
FORD MOTOR CO.	10,656	10,666	10,043	25,921	84,872	115,768
Celebrity	968	196	1,060	2,253	5,267	2,153
Cutlass Ciera	2,592	3,742	2,501	6,223	22,341	41,101
Lumina	6,143	1,420	5,548	14,057	43,409	6,395
Regal	1,857	2,290	1,252	3,472	7,747	18,049
GENERAL MOTORS	11,560	7,648	10,359	26,005	78,764	67,698
HONDA	2,310	1,701	2,136	5,437	24,732	18,110
HYUNDAI*	310	0	310	744	3,430	0
TOYOTA	1,150	212	1,117	2,741	11,985	1,236
VOLVO	180	180	180	432	1,906	1,889
Total Cars, Canada	27,441	20,407	25,420	63,830	210,534	214,986

U.S. TRUCK	Week Ended Mar. 17, 1990	Week Ended Mar. 18, 1989	Week Ended Mar. 10, 1990	Mar. to Date	Jan. 1 to Mar. 17, 1990	Jan. 1 to Mar. 18, 1989
Caravan	1,900	2,548	2,414	5,284	25,851	24,883
Dakota	1,500	2,991	1,975	4,261	13,278	24,143
Caravan C/V	100	217	157	323	1,630	2,114
Ram pickups	2,300	2,993	2,970	6,442	18,925	24,517
Total Dodge	5,800	8,749	7,516	16,310	59,684	75,657
Cherokee	4,400	4,584	4,522	10,736	35,666	50,103
Comanche	200	588	198	475	1,593	7,905
Grand Wagoneer	0	350	325	325	910	3,699
Wagoneer	100	198	100	236	716	2,186
Total Jeep	4,700	5,720	5,145	11,774	38,885	63,893
Voyager	1,900	2,401	2,492	5,370	24,098	23,862
Town & Country	50	0	85	167	812	0
Total C-P Div.	1,950	2,401	2,577	5,537	24,910	23,862
CHRYSLER MOTORS	12,450	16,870	15,238	33,620	123,479	163,432
Aerostar	4,277	5,800	4,025	9,968	35,576	53,442
Bronco	1,174	2,062	1,146	2,792	11,366	21,331
Bronco II/Explorer	1,293	2,969	846	2,250	17,173	31,775
Econoline	4,323	5,198	4,344	10,351	36,202	55,912
Mediums/Heavies	1,042	1,747	1,052	2,510	12,821	15,290
Light trucks	9,778	11,616	9,781	23,372	90,113	122,854
Ranger	6,923	7,548	7,759	17,427	60,735	83,120
Total Ford Div.	28,810	36,940	28,953	68,671	270,988	383,724
FORD MOTOR CO.	28,810	36,940	28,953	68,671	270,988	383,724
Astro	2,848	3,526	2,976	6,978	19,436	38,487
Blazer	385	619	396	787	2,909	6,209
Lumina APV	2,170	0	2,059	4,899	20,054	0
Mediums/Heavies	285	0	240	646	3,204	0
P-Model	0	822	502	695	4,328	6,537
Pickups	7,464	9,232	7,933	18,614	63,779	100,604
S-10	5,125	5,354	5,236	12,378	50,126	66,126
S-10 Blazer	4,125	4,901	3,990	9,206	22,138	43,258
Sportsvan/Van	1,779	2,269	1,805	4,122	9,967	20,999
Suburban	1,612	1,780	1,596	3,981	12,596	17,464
Total Chevrolet	25,793	28,503	26,733	62,308	208,539	299,684
Jimmy	127	213	127	255	1,016	1,964
Mediums/Heavies	459	0	472	1,102	4,064	0
P-Model	0	41	70	130	576	971
Pickups	2,373	1,339	2,709	5,786	17,675	30,719
S-15	2,017	1,462	1,087	3,478	12,869	15,423
S-15 Jimmy	1,254	1,570	1,119	2,761	7,610	11,978
Safari	912	946	739	1,954	6,386	9,697
Suburban	684	713	616	1,617	5,543	6,922
Vandura/Rally Vans	681	612	669	1,806	4,527	5,540
Total GMC	8,507	6,896	7,608	18,891	60,266	83,214
Olds Silhouette	510	0	563	1,284	6,177	0
Pontiac Trans Sport	1,030	0	1,100	2,586	12,403	0
GENERAL MOTORS	35,840	35,399	36,004	85,068	287,385	382,898
NAVISTAR	1,644	1,888	1,218	3,527	16,256	18,875
NISSAN	3,060	2,763	3,033	7,320	32,593	30,080
SUBARU-ISUZU	436	0	458	1,066	3,868	0
AM GENERAL*	450	450	450	1,080	4,950	4,860
MISCELLANEOUS*	3,000	2,300	3,000	7,200	33,000	24,840
Total Trucks, U.S.	85,690	96,610	88,354	207,551	772,519	1,008,709

CANADIAN TRUCK	Week Ended Mar. 17, 1990	Week Ended Mar. 18, 1989	Week Ended Mar. 10, 1990	Mar. to Date	Jan. 1 to Mar. 17, 1990	Jan. 1 to Mar. 18, 1989
Caravan	3,270	3,169	3,308	7,893	35,694	34,814
Caravan C/V	294	199	307	710	2,496	2,233
Ram Wagon	540	0	520	1,272	4,505	6,641
Ram Van	1,380	0	1,412	3,367	11,174	17,151
Total Dodge	5,484	3,368	5,547	13,241	53,869	60,839
Voyager	2,580	2,845	2,629	6,267	29,372	30,449
Total Plymouth	2,580	2,845	2,629	6,267	29,372	30,449
Wrangler	1,500	1,849	1,504	3,666	7,692	17,015
Total Jeep	1,500	1,849	1,504	3,666	7,692	17,015
CHRYSLER MOTORS	9,564	8,062	9,680	23,174	90,933	108,303
FORD MTR. (lt. trks.)	3,192	3,601	3,193	7,604	29,254	37,605
Light trucks	3,854	2,380	4,213	9,949	39,022	37,447
Vans	1,415	1,322	1,244	3,183	7,892	15,681
Total Chevrolet	5,269	3,702	5,457	13,031	46,914	53,128
Light trucks	1,514	646	1,007	2,853	14,545	17,483
Vans	535	755	679	1,416	3,254	7,249
Total GMC	2,049	1,401	1,686	4,269	17,799	24,732
GENERAL MOTORS	7,318	5,103	7,143	17,301	64,713	77,860
NAVISTAR	225	268	227	534	2,223	2,662
Total Trks., Canada	20,299	17,034	20,243	48,612	187,123	226,430
U.S., Canada Trks.	105,989	113,644	108,597	256,164	959,642	1,235,139

*—Estimated
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.

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Automotive News

March 26, 1990

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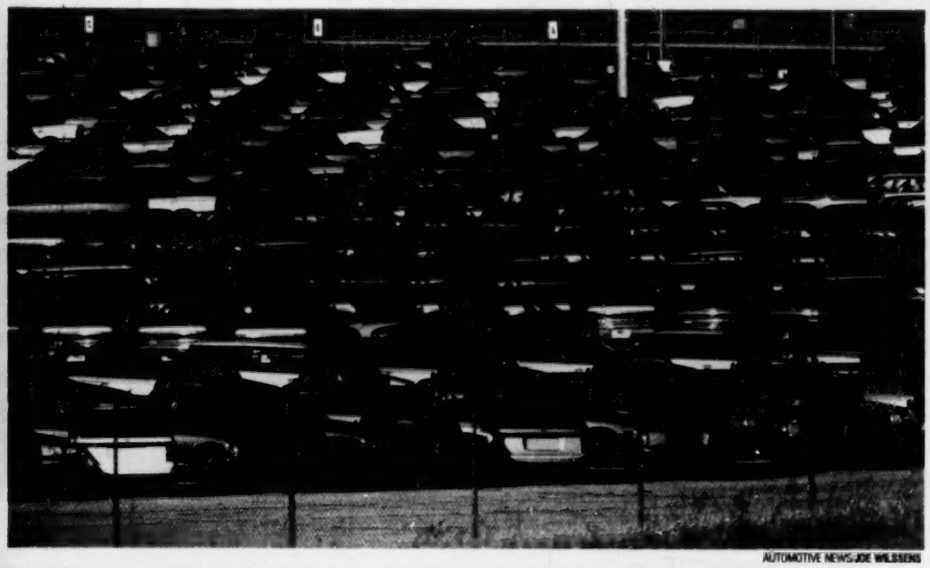


AUTOMOTIVE NEWS/JOE WILSSENS

Subaru Legacys are being stockpiled at the Subaru-Isuzu plant in Indiana, awaiting orders from dealers.

Fuji loss escalates; U.S. a major factor as Legacy struggles

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Fuji Heavy Industries Ltd.'s admission that it will lose 23 billion yen ($148 million) on operations in the fiscal year that ends this week has raised serious questions about the future of the Japanese automaker.

Subarus pile up in Indiana, Page 51

Fuji acknowledged earlier this month that it was deeper in operating red ink than anyone had expected. Not only is Fuji the only Japanese automaker failing to make money on its car business, it's doing so in one of the Japanese industry's strongest years ever.

Analysts are now wondering how long it will be before Nissan Motor Co., which owns 4.5 percent of Fuji, launches a rescue mission. While some analysts praise the vitality of the Japanese industry because of the competition among nine automakers, others have predicted that nine cannot survive in open global competition.

see FUJI, page 51

Ford sees Europe market growing to 23 million

By Daniel Ward
STAFF CORRESPONDENT

LONDON — Swelled by Eastern European markets, total new-car sales in Europe may be almost twice as high as sales in the United States by 2008.

Eastern European countries will account for 7 million new-car sales by 2008, according to the latest forecast by Ford of Europe executives.

With Western Europe's projected 16 million, European new-car demand will reach 23 million annually, Ford estimates.

By contrast, Ford expects U.S. new-car sales to rise to 13 million over the same period.

Ford would need a new plant capable of producing 200,000 cars a year in Eastern Europe if it wants a modest 5 percent of the annual market of 3.2 million to 3.8 million cars forecast for 1998.

Bruce Blythe, vice president of business strategy at Ford of Europe, told *Automotive News*, "The forecast for the year 2008 means a 300 percent growth rate. You can't ignore that sort of growth rate."

> "The forecast for the year 2008 means a 300 percent growth rate. You can't ignore that sort of growth rate."
>
> **Bruce Blythe**
> Ford of Europe

Ford estimates the Soviet Union will account for 4 million to 5 million of the 6.5 million to 3 million new-car market in the East in 18 years.

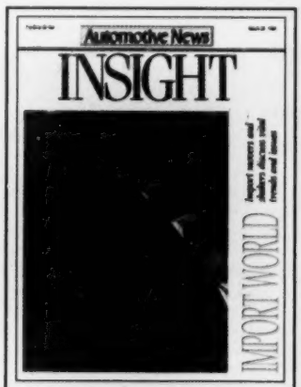
Blythe said he was not concerned that Ford has yet to sign a collaborative agreement in Eastern Europe, despite the fast-footed moves by General Motors' Adam Opel AG subsidiary, Volkswagen AG and Mercedes-Benz AG in East Germany.

Ford's approach to Eastern Europe is likely to be pragmatic, leading in the longer term to a car production plant that would have equal status with the company's six current assembly plants in Western Europe.

For that reason, a collaborative venture is not favored. Blythe said he believes the very real problem of hard currency means Ford must be prepared to export cars and components to the West. That can be considered only when quality standards are high enough.

Blythe favors making a modest investment, initially to establish a components plant. He believes Ford should then progress to a production plant for knock-down kits before moving to an assembly plant.

see EUROPE, page 51



The Insight section focuses on interviews with leading importers, following Page 28.

No air bags for passengers; Ford stores 3,000 Lincolns

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

After two costly supplier snags last fall, Ford Motor Co. was zapped again by a fire at an air-bag propellant plant.

Ford was forced to store 3,000 of its hot-selling Lincoln Town Cars and Continentals at its Wixom, Mich., assembly plant and a Detroit site because they could not be fitted with passenger-side air bags.

Ford began changing the interiors of the stored cars and production-run cars last weekend to inform consumers that they do not have the passenger-side bag.

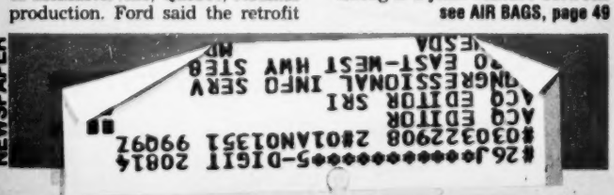
Ford hopes to retrofit the cars with passenger-side air bags when the propellant supplier, Sabag Inc. of McMasterville, Quebec, resumes production. Ford said the retrofit program will be carried out by dealers.

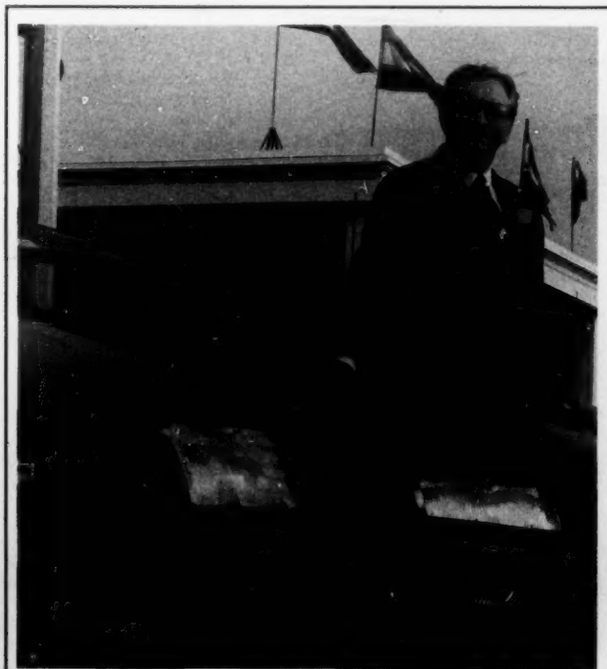
Ford spokesman Jim McCraw said Ford is waiting for Sabag to determine the cause of the March 14 fire and explosion and resume production. Canadian government and Sabag officials are investigating the blast, the third at the plant in six months.

Driver- and passenger-side air bags are standard equipment in Town Cars and Continentals. The Sabag fire does not affect the installation of the driver-side air bag. The driver- and passenger-side air bags use a different propellant, and it cannot be interchanged, according to a TRW Inc. spokesman.

Sabag is a joint venture between

see AIR BAGS, page 49





AUTOMOTIVE NEWS/JOE WILSSENS

NADA President Ray Green: "GM is listening to its dealers."

GM, dealers call truce on Delco outlets

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Because of stiff opposition from its dealers, General Motors has temporarily stopped expanding its network of certified independent service outlets.

GM won't appoint new Delco Tech Service Centers for at least 18 months while it studies whether the centers hurt franchised dealers.

Since the program started in May 1987, GM Service Parts Operations has authorized 850 Delco Tech centers, most of which are operational within AC-Delco retail outlets, to service GM cars after the new-car warranty has expired. AC-Delco is a wholesale activity of the parts operation.

The dealers view certification as a threat to the new-car franchise's service business.

The moratorium on new shops

see DELCO, page 49

Curry tags trucks, side impact as NHTSA priorities

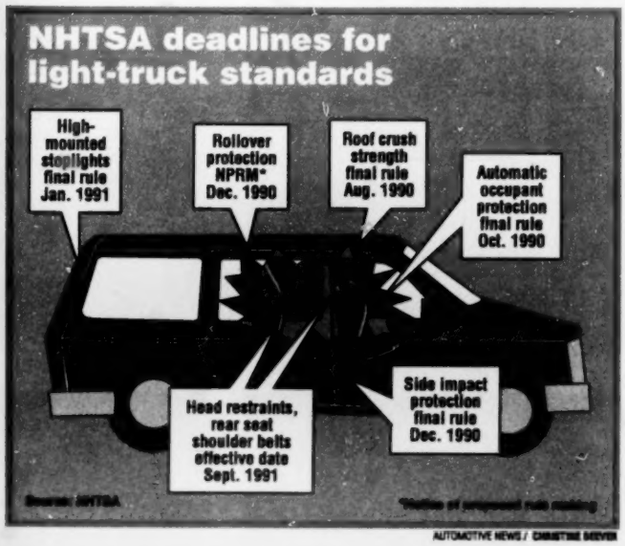
By Jack Keebler
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — The painful job of assigning priorities to transportation safety problems — based on lives lost — is essentially over, according to retired U.S. Army Gen. Jerry Curry, new administrator of the National Highway Traffic Safety Administration.

Curry said the next step is to get feedback from law-enforcement officers, members of state and local judicial groups and the private sector.

Curry last Monday told *Automotive News* that the safety areas he plans to attack first provide an action timetable for the near future.

He shared the timetable and targeted safety concerns with the auto companies last Wednesday. Tomorrow, he meets with consumer groups.


NHTSA deadlines for light-truck standards
High-mounted stoplights final rule Jan. 1991
Rollover protection NPRM* Dec. 1990
Roof crush strength final rule Aug. 1990
Automatic occupant protection final rule Oct. 1990
Head restraints, rear seat shoulder belts effective date Sept. 1991
Side impact protection final rule Dec. 1990
Source: NHTSA
*Notice of proposed rule making
AUTOMOTIVE NEWS / CHRISTINE SEIVER

High on the list of concerns for this year are standards for passenger-car side impact, light-truck side impact, light-truck passive restraints, light-truck high-mounted stoplights, light-truck rollover, child-seat testing and school bus safety features.

Curry

Curry also said he recognized the fuel-economy burden that comes with increased vehicle safety. He noted that the additional structure required for better side-impact protection and the additional hardware associated with anti-lock brakes and air bags add significant weight, which reduces fuel economy. He said that is one reason NHTSA will not push for large fuel economy improvements.

Curry's timetable ends the hands-off NHTSA style of the Reagan years, though his priority system acknowledges that NHTSA cannot accomplish every goal immediately.

Curry said his top goal is to raise the national safety consciousness and to increase safety-belt usage to 70 percent by 1992. Belt use in some states without usage laws is as low as 10 percent.

He plans to reduce the number of alcohol- and drug-related highway accidents and fatalities through more public education and tough methods that include expanded use of roadside checkpoints.

He also plans to cut the highway death rate to 2.2 per 100 million miles of travel by 1992 by reducing crash injuries and increasing crash survival rates.

One of the major ways that Curry plans to increase safety is by emphasizing state, local and private-sector input and solutions.

He said NHTSA has the muscle to affect policies on those levels because it already provides much

see CURRY, page 49

Curry's agenda: no surprises

By Diana T. Kurylko
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — There were no surprises in the 3-year plan released by the National Highway Traffic Safety Administration last week.

The 63 auto industry representatives briefed for 90 minutes by NHTSA Administrator Jerry R. Curry walked away feeling the government had laid its cards on the table and was willing to listen.

That was Curry's intention. "I believe we should try to over inform the public or the groups we work with, rather than keep them in the dark," Curry said.

Consumer groups will get a similar briefing tomorrow. And they're not expected to be as docile. They are likely to press the agency to step up defect investigations and to air concerns about child safety seats.

There is also some skepticism on their part over whether Curry will stick to his agenda through 1992.

Karl-Heinz Faber, vice president of of product compliance for service and parts at Mercedes-Benz of North America Inc., said the atmosphere marked a new "cooperative spirit."

"With this kind of approach . . . things can be achieved faster and in a more professional way," Faber said.

Toni Harrington, manager of government and industry relations for Honda North America Inc., agreed. "It showed an openness on the part of the agency and gave the industry a clear outline of NHTSA's major areas of concern for the next three years," she said.

Chrysler goal: Increasing U.S. parts at Diamond-Star

By Mary Connelly
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Chrysler Corp. wants to slash the Japanese content of the next-generation Plymouth Laser/Eagle Talon/Mitsubishi Eclipse sport coupes in order to cut costs.

Chrysler Motors Chairman Bennett Bidwell said Chrysler wants to produce a U.S.-engineered replacement for the sport coupes built at Diamond-Star Motors Corp.

Diamond-Star, located in Normal, Ill., is a 50-50 joint venture of Chrysler and Mitsubishi Motors Corp.

Chrysler has relayed its desire for additional domestic content to its Japanese partner, according to Bidwell. "They said 'we'll think it over,' " he said.

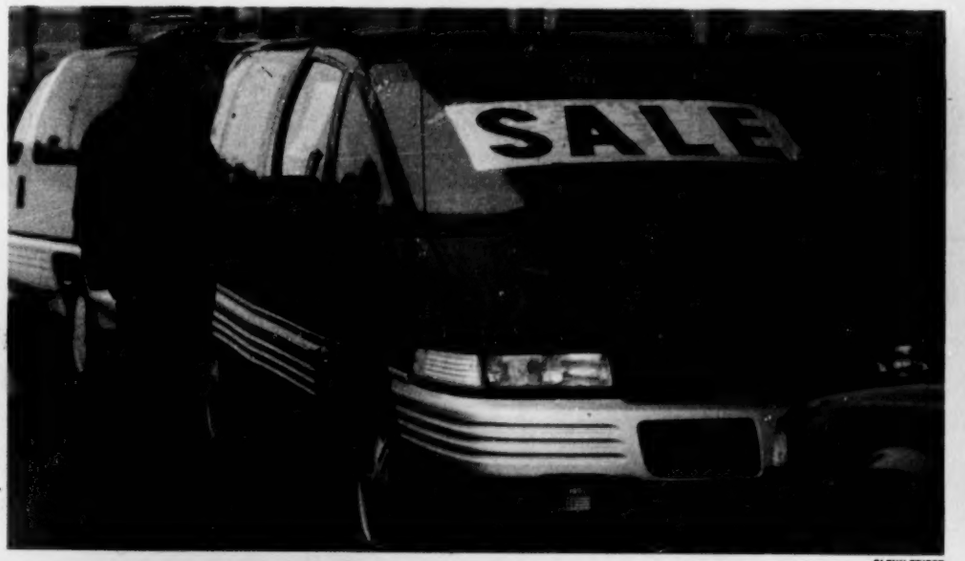
The current sport coupes were designed by Chrysler and engineered by Mitsubishi. Replacements are planned for the early 1990s.

The current coupes have 60 percent domestic content and 40 percent Japanese content, a Diamond-Star spokesman said. The Mitsubishi engine and powertrain represent the bulk of the Japanese content. A change in sourcing would likely mean that Chrysler engines would be mounted in the models.

Bidwell said cutting Japanese content will reduce vehicle costs.

Chrysler has sought the aid of

see BIDWELL, page 50



GLENN TRIEST

Potential customer Stan Jarubas checks out a Trans Sport minivan at Barnett Pontiac in Dearborn, Mich.

FIRST REBATE: *GM pays $1,000 on minivans in effort to gain on Chrysler*

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — General Motors' first rebate on its new minivans is a strategic move aimed squarely at minivan leader Chrysler Corp., which has ended its minivan rebates for the rest of the model year.

GM announced a $1,000 cash rebate last week on its Chevrolet Lumina APV, Pontiac Trans Sport and Oldsmobile Silhouette, introduced last October. Customers can choose the rebate or financing at 6.9 percent on loans up to 48 months or 10.9 percent on loans of 49 to 60 months. The incentive runs through May 2.

GM hoped to sell 100,000 of the plastic-bodied vans in the 1990 model year. The monthly sales rate will have to pick up soon for GM to meet its goal. Through March 10, GM had sold just over 30,000 units and produced about 68,000.

By offering an incentive now, the GM divisions hope to capitalize on the usually strong spring selling season and to build awareness for the futuristic minivans.

But it also appears to be a move to capitalize on Chrysler's tough financial situation and minivan capacity constraints as well as Chrysler's vow not to return to rebates on minivans, which expired Jan. 31. Chrysler's minivans still hold more than 50 percent of that market.

In December and January, Chrysler's first-ever rebates on its minivans — $1,000 per vehicle — made sales soar.

"Chrysler did an effective job in January," said Michael Erdman, Chevrolet general marketing manager. "Now, we're hopeful that every Chrysler potential gives us a look."

GM's inventory of the new minivans has been climbing since the start of the calender year. Industry observers who track inventory levels said Chevrolet's February supply of Lumina APV units was 104 days, up from 88 in January. Stocks of the Pontiac Trans Sport ruse to 113 days from 92. Supplies of the Oldsmobile Silhouette are the lowest with a 71-day supply, up from 63. Olds has a small share of minivan output.

Meanwhile, GM's North Tarrytown, N.Y., assembly plant, which produces the minivans, is scheduled to reach its full production

see MINIVANS, page 52

Czech scorecard: VW pursues Skoda; GM strong at BAZ

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

PRAGUE, Czechoslovakia — The Czech automaker Skoda is the next big prize in the race among Western carmakers to seal partnership agreements with counterparts in Eastern Europe.

Led by Volkswagen AG, General Motors and BMW AG, Western companies are aggressively courting Skoda as well as BAZ, a light commercial vehicle manufacturer in Bratislava. The new focus on Czechoslovakia follows the rapid conclusion of joint production agreements by VW, GM and Mercedes-Benz AG with the entire East German car and truck industry.

see SKODA, page 50

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Editorial & Business Offices ..... (313) 446-6000
AUTOMOTIVE NEWS (ISSN 0005-1551) is published weekly except semiweekly the fourth week in May at 1400 Woodbridge, Detroit, MI 48207. Second-class postage is paid at Detroit, MI and at additional mailing offices. Postmaster: Send address changes to AUTOMOTIVE NEWS, Circulation Department, 965 E. Jefferson, Detroit, MI 48207.